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TAGS: [PREL](#) [PGOV](#) [KDEM](#) [ECON](#) [ETRD](#) [TH](#)
SUBJECT: AMBASSADOR VISITS NORTHEAST THAILAND AND DISCUSSES
POLITICAL TENSION AND ECONOMIC CONDITIONS WITH LOCAL
GOVERNORS

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Classified By: Ambassador Eric G. John, reason: 1.4 (b and d).

11. (C) SUMMARY: During a visit to Northeast Thailand on November 25-26, the Ambassador met with the Governors of Udorn Thani and Khon Kaen provinces and discussed both the current political tensions in Thailand as well as deteriorating economic conditions in the region. While acknowledging the current polarized political environment in Thailand, both Governors emphasized that due to the overwhelming majority of the pro-government "red" faction in the Northeast, the region has experienced much less political conflict than in Bangkok. Nevertheless, even in the Northeast, there is ongoing tension between the pro-government "redshirts" and the anti-government People's Alliance for Democracy (PAD), although the conflict is largely confined to urban areas. A former Foreign Minister from the region expressed similar concerns over the political divide in Thailand during a dinner with the Ambassador. With respect to the local economy, the Governors described worsening economic conditions in the Northeast, emphasizing the return of unemployed workers from lost jobs in Bangkok and abroad, as well as the fiscal burdens of the government's price support programs for local rice farmers. An Entry Level Officer accompanied the Ambassador on the trip, attending all of the meetings. END SUMMARY.

Political Tensions in Thailand

12. (C) Khon Kaen Governor Mani Wattanasen discussed Thailand's political problems at length in a November 26 meeting with the Ambassador, describing the current situation as "not good," but he stressed that there is not much conflict in his province. The "very small number" of supporters of the anti-government People's Alliance for Democracy (PAD) in Khon Kaen compared to the more abundant "redshirt" government supporters results in minimal tension or confrontation between the two groups. Mani described Khon Kaen as a "red" pro-government stronghold where former Prime Minister Thaksin Shinawatra is very popular and there is strong disagreement with the PAD. He emphasized that all eleven Members of Parliament from Khon Kaen province are members of the pro-Thaksin People's Power Party (PPP -- which was dissolved by the Constitutional Court on December 2).

13. (C) According to Mani, Thaksin's popularity in the Northeast stems in large part from his debt suspension program. Mani described the Thaksin-era three-year moratorium on debt repayments as the most important thing

that Thaksin did for the region. He also cited Thaksin's scholarship program, which provided educational opportunities that the people of the Northeast had never before thought possible. Thousands of students have taken advantage of the program to study abroad and then return as leaders in their community.

¶4. (C) Manit was surprised by the PAD's recent closure of Bangkok's Suvarnabhumi Airport and described it as very bad for the country's image. When asked who pays for the buses that carry the "redshirts" to Bangkok to counter the PAD demonstrations, Manit demurred: "As Governor, I cannot say." Manit added that the reds are presently going to Bangkok "on their own initiative," but that "if instruction is given to the reds, they will go in large numbers."

¶5. (C) Asked how the political crisis in Thailand might be resolved, Manit had "no idea," but agreed with the Ambassador that legal and peaceful means were far preferable to another coup. Responding to the Ambassador's comment that a coup would only delay and make more difficult a long-term solution to Thailand's underlying problems, Manit added that the country would be more prosperous today if there had been fewer coups. The frequency of coups, and resulting lack of political continuity, has a paralyzing effect on civil servants. In Manit's words, "they never know what is going on or what to do."

¶6. (C) Udorn Thani Governor Amnat Pagarat shared Manit's view that political tensions in the Northeast are tempered by the overwhelming majority of the pro-government reds. However, he described a more heated atmosphere in Udorn Thani than in Khon Kaen, particularly in its urban areas. As a native of Udorn Thani, Amnat has friends on both sides of the political

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divide - a relationship he described as "very hard." He talks to both groups, seeking cooperation between them.

¶7. (C) In Udorn Thani, the PAD tend to be from the provincial capital and, according to Amnat, are from every socioeconomic class. He described their motivation as ideological, rather than economic, but did not elaborate. Their complaints in Udorn Thani mirror those of the PAD in Bangkok. The yellows represent a very small percentage of the population, but are very strong, Amnat said. He claimed the reds are also very strong, primarily because of their numbers.

¶8. (C) The PAD supporters in Udorn Thani periodically travel to Bangkok to participate in demonstrations. Amnat said that they travel in organized buses, and in the days leading up to the recent airport closure, about 100 PAD sympathizers per day made the trip from Udorn Thani to Bangkok.

Former Foreign Minister Echoes Concerns

¶9. (C) During a dinner with the Ambassador in Khon Kaen on November 25, former Foreign Minister Dr. Krasae Chanawong, a native of that province, also shared his concerns over the deep political divide in Thailand. Krasae confessed loyalties to both sides, having served first as a deputy under Chamlong Srimuang - now a co-leader of the PAD - during Chamlong's tenure as Bangkok Governor and later as an Advisor to PM Thaksin. Krasae has remained neutral during the crisis, despite pressure to side with or against the government.

¶10. (C) Krasae described Chamlong as a friend and a good man. However, he criticized him as a political ascetic - unyielding in ideology and possessing a fervent belief in the purity of his cause that leaves him incapable of compromise. Krasae did not offer an opinion of Thaksin and avoided expressing any view of how the current crisis might or should end. Rather, Krasae sought counsel from the Ambassador

regarding how he and Thailand should deal with the current political turmoil. The Ambassador emphasized the importance of patience and peaceful, democratic means. Krasae agreed.

¶11. (C) Krasae raised concerns over the international image of Thailand, particularly in the wake of the recent airport takeovers. Reflecting on the U.S. presidential election, Krasae expressed admiration for the "maturity" of U.S. politics - noting in particular Senator Clinton's and Senator McCain's gracious acceptance of defeat during the primary and general elections. Krasae's view was that Thailand, notwithstanding its economic success, remains very much a developing country politically - a fact that outsiders tend to forget - and that it will need time to reach the level of political maturity enjoyed by the United States.

Economic Conditions in the Northeast

¶12. (C) Both Governors discussed the deteriorating economic conditions in the Northeast, but Amnat emphasized the impacts of the global economic downturn, while Manit focused more on local fiscal problems, such as the increasing burden of Thailand's rice price supports. Amnat described the weakening global economy as the biggest problem for Udon Thani province as an estimated 20 to 30 thousand people have returned to Udon from construction and factory jobs in Bangkok and countries such as Taiwan and Korea, as demand for exports has tumbled. These unemployed workers must be absorbed back into the local economy and often have no other option except to return to family farms. Amnat sees a connection between the global economic downturn and the domestic economic problems of the United States and expressed his hope that the U.S. can quickly turn its economy around.

¶13. (C) As for economic development within Udon Thani, Amnat's view is that global economic constraints have forced the province to focus almost exclusively on development of its agricultural sector. There is a need in Udon for irrigation projects and an increase in agricultural self-sufficiency.

¶14. (C) Manit, in contrast to Amnat, said that the return to

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Khon Kaen of unemployed workers from Bangkok and abroad is not a problem at the moment, but he expected it to be a big problem next year. Manit's more immediate economic concern was for farmers under the government's rice price supports. Citing rising fertilizer costs and other expenses which are squeezing farmers despite the guaranteed sale price, Manit said that responsibility for the price supports, which are now well above the market price, had "fallen on the shoulders of the Governor." Manit added that the rice industry was also suffering from flooded fields, particularly in the northern part of Khon Kaen province. Flood control systems in the area proved inadequate this year to handle the increased rainfall and will need to be improved and expanded prior to next year's rainy season.

¶15. (C) Manit also emphasized the need to further develop the transportation infrastructure between Northeast Thailand and seaports in Vietnam, such as Da Nang, which for some parts of the Northeast are closer than the main Laem Chabang seaport on the Gulf of Thailand. Having additional export outlets would benefit the economic development of Khon Kaen and other provinces in the region. While the main bridge on the Mekong River at Mukdahan and roads are in place, the accompanying infrastructure is lagging. A program to promote the route to Vietnam began under PM Thaksin, but foundered after the 2006 coup. While there is interest in the Northeast in restarting the program, with the centralization of budgets that occurred after the coup, the provinces no longer have the independent means to push such initiatives. The importance of alternative seaport access for Northeast Thailand was also

emphasized by Krasae.

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Khon Kaen Governor Seeks Further U.S. Assistance
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¶16. (C) While meeting with Khon Kaen Governor Manit, the Ambassador described various community improvement projects that U.S. companies in Thailand have initiated, such as water development and conservation, computer donations to schools, and teacher training. The Ambassador specifically mentioned the Corporate Social Responsibility (CSR) initiatives of Coca-Cola, Western Digital, and Microsoft. Manit showed great interest in the projects and asked that the USG do more to promote such projects in Northeast Thailand.
JOHN